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SUBJECT: Aceh Update on Budget, Elections, and Law Enforcement

¶1. (SBU) Summary. The Aceh yearly budget for 2008 was passed by the provincial legislature on May 30, narrowly avoiding costly sanctions for late submission threatened by the central government. Less progress has been made in passing the provincial political party law, where additional delays may disrupt preparation for Aceh's April 2009 legislative elections. A joint law enforcement operation purported to be acting against illegal loggers resulted in claims of destruction of houses and property near a village in North Aceh Regency May 30-31. End Summary.

#### Budget Finally Complete

¶2. (U) The Aceh Provincial Budget (APBA) for 2008 was approved by the Acehese provincial legislature (DPRA) on May 30 and submitted to the Ministry of Home Affairs on June 2, more than 8 months after it was due. Although the year is nearly half over, the budget forecasts expenditures of approximately USD 885,000,000 in 2008. Passing of the budget is a major, positive step after months of sometimes acrimonious wrangling between Governor Irwandi Yusuf and the legislature. The passage of the APBA for 2008 on May 30 avoids by one day the imposition of approximately USD 15 million in penalties threatened by the central government if the budget was not submitted by the end of May. After it has been approved by the Ministry of Home Affairs, the budget will be reviewed by the Finance Ministry. Representatives of the provincial government and legislature were in Jakarta the week of June 2 to defend the budget with the Ministry of Home Affairs.

¶3. (SBU) The 2008 budget is nearly twice as large as the 2007 budget; due primarily to Aceh's receiving a bigger slice of government revenue as part of the province's special autonomy legislation. Many observers question the province's ability to spend these funds effectively with slightly more than half of the year behind them. Governor Irwandi Yusuf is more optimistic, telling Consulate Medan that in 2007 the final budget was not approved until the last quarter of the year, leaving the government only two months to liquidate its budget. This year, he said, he hopes to have nearly six months.

#### Worries about the 2009 Legislative Election

¶4. (U) Aceh's Independent Election Commission (KIP) announced on June 2 that it cannot announce the results of the verification process for local parties because the provincial law (qanun) on political parties has not yet been passed by the Aceh Parliament. According to KIP chairman Abdul Salam Paroh, KIP must wait for the

final text of the qanun before it can publish the six procedural rules for party and candidate registration and verification. For the legislative elections, the verification process is constrained by a tight timetable set by the Central General Election Commission in Jakarta (KPUP). KIP Vice Chairman Ilham Syahputra told media on May 30 that KIP has asked for extra time from Jakarta election officials to verify the eligibility of 12 local parties and numerous national parties but that KPUP refused saying any delay in local elections in Aceh could adversely affect the schedule for 2009 national elections.

#### Joint Law Enforcement Action courts Controversy

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15. (U) On the evening of May 30 a joint law enforcement action against illegal logging near the village of Alue Dua in the Nisam Antara sub-district of North Aceh District resulted in the destruction of property and reported shooting of livestock. Press reports state that warning shots were also fired into the air. Multiple sources including representatives of the Indonesian central government, local officials, local witnesses, and media reports agree that several huts were burned, four motorbikes were damaged by fire, and one buffalo was found dead.

16. (SBU) The destruction caused by the operation has been condemned in public statements by both representatives of the Aceh Provincial Legislature (DPRA) and the GAM successor organization, the KPA. In addition, the Jakarta representatives to the Aceh Peace Process, the Forum for Communication and Coordination (FKK) sent their deputy, Zainal Arifin, to the Nisam Antara sub-district from June 5-6 to investigate the incident.

17. (SBU) Despite the loud condemnation of the incident, local government officials and law enforcement personnel indicate that the

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event may not have been as serious as initially feared. Medan's contacts in the police confirmed that that a joint police-Ministry of Forestry law enforcement operation took place on May 30-31, but insisted that it was carried out to stop illegal logging operations.

They also confirmed most reports of the destruction of property. Both the Vice Regent of North Aceh and the Village Chief near where the law enforcement action occurred expressed sympathy for the locals affected by the action but admitted that villagers had been logging the areas in question to clear farmland. The problem, they added, was that there were no guidelines about how community land clearance activities are affected by the Aceh-wide ban on illegal logging.

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